

## Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 XMB-02

FTC-01 /094 W

----- 122516

R 301330Z MAY 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8969

INFO AMCONSUL BOMBAY

LIMITED OFFICIAL USE NEW DELHI 7188

E.O. 11652: N/A

TAGS: ENRG, IN

SUBJ: GOI PLANS TAKEOVER OF CALTEX AND BURMAH-SHELL

1. FOLLOWING THE NEGOTIATED PURCHASE OF 74 PERCENT OF ESSO EASTERN EARLY LAST YEAR, THE GOI IS MOVING AHEAD WITH PLANS TO TAKE OVER THE TWO REMAINING FOREIGN OIL COMPANIES OPERATING IN INDIA, BURMAH-SHELL AND CALTEX. NEGOTIATIONS WITH BURMAH-SHELL ARE ALREADY UNDERWAY AND CALTEX'S REGIONAL DIRECTOR FOR DELHI, V.T. KRISHNAMURTHY HAS CONFIRMED THAT WHEN THESE ARE COMPLETED WITH BURMAH-SHELL, IT WILL BE CALTEX'S TURN. KRISHNAMURTHY PRE-DICTED GOI-CALTEX DISCUSSIONS WOULD PROBABLY BEGIN ABOUT OCTOBER. HE ALSO CONFIRMED THAT THE GOI WAS ATTEMPTING TO NEGOTIATE A TAKEOVER BASED ON THE ESSO MODEL UNDER WHICH ESSO RETAINED 24 PERCENT OWNERSHIP AND AGREED TO CONTINUE TO SUPPLY CRUDE TO INDIA. IF BURMAH-SHELL AND/OR CALTEX DETERMINE THERE ARE MORE PROFITABLE OUTLEETS THAN INDIA FOR THEIR CRUDE, THEY PROBABLY WILL REQUEST A 100 PERCENT CDI TAKEOVER. THE GOI, ACCORDING TO KRISHNAMURTHY IS PREPARED TO NEGOTIATE A FULL TAKEOVER, OR 74 PERCENT. THE REAL HAGGLING WILL BE DONE OVER

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THE COMPANIES' VALUATION OF THEIR RESPECTIVE ASSETS. AND WHILE

SUCH NEGOTIATIONS ARE EXPECTED TO BE TOUGH, KRISHNAMURTHY EXPECTS  
THE GOI TO AGREE TO PAY A FAIR PRICE WITH COMPENSATION SPREAD  
OVER FIVE YEARS.  
SCHNEIDER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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